



Maryland Grain Producers Association  
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House Bill 1515 - Sales and Use Tax - Rate Reduction and Services

Committee: Ways & Means

MGPA Position: Oppose

The Maryland Grain Producers Association (MGPA) serves as the voice of grain farmers growing corn, wheat, barley and sorghum across the state. MGPA opposed HB1515 which would place a 5% service tax on virtually all services utilized by Maryland farmers in the production of food, fuel and fiber.

Currently, Maryland farmers are exempt from the sales and use tax of 6% if the product they are purchasing or rental they are securing is used to:

- raise livestock and poultry,
- prepare, irrigate or tend the soil, or
- plant, service, harvest, store, clean, dry or transport seeds or crops.

Levying a 5% services tax on Maryland farmers would significantly increase their cost of doing business in already very tough economic times for agriculture, operating on extremely tight margins. Farmers are one of the only businesses that have to buy retail and sell wholesale. The 5% service tax would apply to a variety of things including nutrient management planning services, crop scouting, off road fuel delivery, hauling of agricultural products, nutrient application, aerial planting of cover crops, among others.

We anticipate that the service providers will not reduce their pricing and will simply apply the service tax on top of existing prices meaning a 5% increase on top of record inflation. Family farms are under extreme financial pressure as it is and this would be yet another added cost and reason to transition away from agriculture in Maryland.

We urge your unfavorable report on HB 1515.